THE FARM INCOME STABILIZATION COMMISSION OF ONTARIO

EIGHTH ANNUAL REPORT

FISCAL YEAR ENDED MARCH 31, 1985

ONTARIO
MINISTRY OF AGRICULTURE AND FOOD
LEGISLATIVE BUILDINGS, TORONTO

HON. JACK RIDDELL
MINISTER

Toronto, Ontario
Oct. 3, 1985

To The Honourable Jack Riddell, Minister
Ministry of Agriculture and Food
Province of Ontario.

Sir:

I have the honour to submit herewith the Annual Report of The Farm Income Stabilization Commission of Ontario for the period April 1, 1984 to March 31, 1985 including the report of the Provincial Auditor.

Respectfully Submitted

M. Huff, Chairman
The Farm Income Stabilization Commission of Ontario

Eighth Annual Report

of

The Farm Income Stabilization Commission of Ontario

For Fiscal Year Ended March 31, 1985

COMMISSION MEMBERS

MORRIS HUFF — Chairman

RAYMOND McDONALD — Member

HOWARD STAFF — Member

KEITH BUCHNER — Member
(Rep. Ontario Federation of Agriculture)

ELLARD POWERS — Member
(Rep. National Farmers Union)

JOHN MOERMAN — Member
(Rep. Christian Farmers Federation)

OFFICERS

M. HUFF
General Manager

M. J. TAGGART
Assistant General Manager / Accounting

RUTH DAY
Secretary

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

RESPONSIBILITIES

- Administration of The Farm Income Stabilization Act.
- Administer plans of farm income stabilization, established by regulations.
- Provide for surveys and research relating to farm income stabilization to obtain statistics for Commission purposes.

THE YEAR IN REVIEW

A stabilization payment of $6.85 per tonne for winter wheat was declared for the 1983-84 crop year. A Weaner Pig payment of $38.48 for Period 8 (October 1, 1983 to March 31, 1984) was made in the summer of 1984.

Stabilization payments are made on registered and eligible production when producer returns fall below 95% of the previous five-year average price, plus changes in cash costs of production. Payments are limited to the difference between the 90% and 95% levels. Participating producers are required to register expected sales and pay fees in advance equivalent to an estimated one-third of the expected payouts. Interest is credited to producer fees on deposit and any unused fees and interest are returned at the termination of the program.

Stabilization payments of $11.7 million were made in the fiscal year of which two-thirds is the Ontario Government's share and the balance is covered by producer fees. This payment was an increase of 80% over the previous year.

In an effort to improve administrative efficiencies, the time in which a producer has to make a stabilization claim has been limited to two years from the end of any crop year.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

(Incorporated without share capital under
the Farm Income Stabilization Act)

Balance Sheet
as at March 31, 1985

ASSETS

	1985	1984
	$	$
Cash, including short term deposits	12,085,902	16,254,877
Accounts receivable (note 4)	38,504	10,493
	12,124,406	16,265,370

LIABILITIES

Farmers' enrollment fees, including interest income (Schedule 1) (note 3)	8,419,523	9,925,573
Government subsidies (Schedule 2) (notes 3 and 4)	3,704,883	6,339,797
	12,124,406	16,265,370

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

AUDITOR'S REPORT

I have examined the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1985 and the statement of receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1985 and its receipts and disbursements in accordance with the accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 14 of the Farm Income Stabilization Act, a report on the audit has been made to the Commission and to the Minister.

J.F. Otterman, F.C.A.,
Assistant Provincial Auditor.

Toronto, Ontario,
July 26, 1985.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements
for the year ended March 31, 1985

	1985 $	1984 $
Receipts:		
Subsidies from the Province of Ontario		
1982-84:		
Winter Wheat	750,000	—
Barley	—	62,524
Corn	—	5,786,679
Soybean	—	2,564,463
White Bean	—	535,000
1980-85:		
Weaner Pig	3,900,000	—
	4,650,000	8,948,666
Interest income	398,257	228,812
Interest on outstanding fees (note 4)	29,558	45,077
Farmers' enrollment fees, including interest income (note 3)	2,952,042	3,905,031
Administrative expenses paid by Province (notes 1 and 2)	344,242	308,978
	8,374,099	13,436,564
Disbursements:		
Stabilization payments (note 5):		
1979-1981:		
Corn	62,715	557,937
Soybean	1,785	189,501
1982-1984:		
Winter Wheat	944,445	—
Barley	31,089	22,659
Corn	4,791,891	2,219,703
Soybean	343,083	2,916,381
White Bean	24,246	569,448
1980-1985:		
Weaner Pig	5,480,331	717
	11,679,585	6,476,346
Refunds of 1979-81 farmers' fees balance	244,604	688,860
Refunds of 1980-85 farmers' fees balance	274,643	—
Repayment of loans from Province of Ontario	—	691,705
Interest expense	—	51,663
Administrative expenses	344,242	308,978
	12,543,074	8,217,552
(Deficiency)/Excess of receipts over disbursements	(4,168,975)	5,219,012
Cash, including short term deposits, beginning of year	16,254,877	11,035,865
Cash, including short term deposits, end of year	12,085,902	16,254,877

See accompanying schedules and notes to financial statements.

SCHEDULE 1

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Farmers' Enrollment Fee Balances by Plan
as at March 31, 1985

Stabilization Plan	Balance April 1/84	Fees	Interest	Sub Total	Share of Payments	Refunds	Balance March 31/85
	$	$	$	$	$	$	$
(note 3)		(note 3)					
1979-1981:							
Corn	231,039	—	8,345	8,345	20,905	218,479	—
Soybeans	25,518	—	1,202	1,202	595	26,125	—
	256,557	—	9,547	9,547	21,500	244,604	—
1982-84:							
Winter Wheat	558,492	164,986	52,399	217,385	314,815	—	461,062
Barley	210,332	8,187	20,035	28,222	10,363	—	228,191
Corn	3,784,431	938,152	270,100	1,208,252	1,597,297	—	3,395,386
Soybeans	983,084	544,336	106,435	650,771	114,361	—	1,519,494
White Beans	179,504	31,040	18,107	49,147	8,082	—	220,569
	5,715,843	1,686,701	467,076	2,153,777	2,044,918	—	5,824,702
1983-1987							
Apples	315,731	168,413	38,530	206,943			522,674
1980-1985:							
Weaner Pig	3,637,442	300,964	235,161	536,125	1,826,777	274,643	2,072,147
	9,925,573	2,156,078	750,314	2,906,392	3,893,195	519,247	8,419,523

See accompanying schedules and notes to financial statements.

SCHEDULE 2

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Government Subsidies
for the year ended March 31, 1985

	1985 $	1984 $
Ontario Corn Stabilization Plan, 1979-1981:		
Balance, beginning of year	341,823	713,781
Stabilization payments	62,715	557,937
Less farmers' share (1/3)	20,905	185,979
	41,810	371,958
Transfer to expired plans and other credits	300,013	—
Balance, end of year	—	341,823
Ontario Soybean Stabilization Plan, 1979-1981:		
Balance, beginning of year	174,276	300,610
Stabilization payments	1,785	189,501
Less farmers' share (1/3)	595	63,167
	1,190	126,334
Transfer to expired plans and other credits	173,086	—
Balance, end of year	—	174,276
Ontario Winter Wheat Stabilization Plan, 1982-1984:		
Balance, beginning of year	—	—
Subsidy from Province of Ontario	750,000	—
Stabilization payments	944,445	—
Less farmers' share (1/3)	314,815	—
	629,630	—
Balance, end of year	120,370	—
Ontario Barley Stabilization Plan, 1982-1984:		
Balance, beginning of year	47,418	—
Subsidy from Province of Ontario	—	52,524
Stabilization payments	31,089	22,659
Less farmers' share (1/3)	10,363	7,553
	20,726	15,106
Balance, end of year	26,692	47,418
Ontario Corn Stabilization Plan, 1982-1984:		
Balance, beginning of year	4,306,877	—
Subsidy from Province of Ontario	—	5,786,679
Stabilization payments	4,791,891	2,219,703
Less farmers' share (1/3)	1,597,297	739,901
	3,194,594	1,479,802
Balance, end of year	1,112,283	4,306,877
Ontario Soybean Stabilization Plan, 1982-1984:		
Balance, beginning of year	620,209	—
Subsidy from Province of Ontario	—	2,564,463
Stabilization payments	343,083	2,916,381
Less farmers' share (1/3)	114,361	972,127
	228,722	1,944,254
Balance, end of year	391,487	620,209
Ontario White Bean Stabilization Plan, 1982-1984:		
Balance, beginning of year	155,368	—
Subsidy from Province of Ontario	—	535,000
Stabilization payments	24,246	569,448
Less farmers' share (1/3)	8,082	189,816
	16,164	379,632
Balance, end of year	139,204	155,368

Ontario Weaner Pig Stabilization Plan, 1980-1985:			
Balance, beginning of year		(478)	—
Subsidy from Province of Ontario		3,900,000	—
Stabilization Payments		5,480,331	717
Less farmers' share (1/3)		1,826,777	239
		3,653,554	478
Transfer to expired plans and other credits		244,968	—
Balance, end of year		1,000	(478)
Transfers from Expired Plans and Other Credits: (note 6)			
Balance, beginning of year		694,304	388,673
1979-1981/Corn Stabilization Plan		300,013	—
1979-1981/Soybean Stabilization Plan		173,086	—
1980-1985/Weaner Pig Stabilization Plan		244,968	—
Interest income		398,257	228,812
Over provision for bad debts		103,219	115,000
Loan interest net of interest on accounts receivable		—	(38,181)
Balance, end of year		1,913,847	694,304
	TOTAL	3,704,883	6,339,797

SCHEDULE 3

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Administrative Expenses
for the year ended March 31, 1985

	1985	1984
	$	$
Salaries and wages	62,973	55,350
Transportation and communication	11,965	16,026
Services	254,748	224,190
Supplies and equipment	14,556	13,412
	344,242	308,978

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Commission uses a cash basis of accounting except for the following modifications:

(i) For administrative expenses, an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for a pay period which overlaps the fiscal year end date are apportioned between the two years.

(ii) An allowance for doubtful accounts has been established as discussed in note 4.

(iii) Interest is accrued on outstanding fees receivable.

2. ADMINISTRATIVE EXPENSES

Administrative expenses are paid out of funds appropriated therefor by the Legislature of the Province of Ontario. Certain additional administrative expenses have been absorbed by The Crop Insurance Commission of Ontario.

3. FARM INCOME STABILIZATION PLANS

Farm income stabilization plans are established by regulations under the Farm Income Stabilization Act. These voluntary plans are designed to stabilize the income of Ontario farmers in periods of low market prices. Federal stabilization support payments are made for the difference between the current market price and 90 per cent of the five-year average market price as adjusted for changes in cash costs of production. On the same basis, provincial plans support prices between 90 and 95 per cent of the five year average price.

Fees are normally collected in advance except as discussed in note 4 and are set at a level sufficient to cover approximately one-third of the stabilization support payments in accordance with the provisions of section 6 (3) of the Farm Income Stabilization Act. The Province of Ontario provides the other two-thirds.

Upon termination of each plan, moneys standing to the credit of farmers enrolled in these plans will be refunded together with any interest earned thereon. Voluntary stabilization plans exist for the following seven commodities: corn, soybeans, white beans, winter wheat, barley, apples and weaner pigs.

4. ONTARIO WEANER PIG STABILIZATION PLAN, 1980-1985

The Government of Ontario developed this five year plan to help stabilize the incomes of many of the province's pork producers. The plan functions in the manner as discussed in Note 3, with one exception. When the plan was first instituted, in order to pay the producers the maximum amount possible under the regulations when stabilization support payments were declared, the

difference between the farmers' one-third share of the stabilization support payments and their prepaid registation fees was not deducted from the stabilization support payments but rather was recorded as an accounts receivable. While the Commission is endeavouring to recover the advances including interest, a reserve for doubtful accounts of $107,000 has been reflected in the Commission's accounts as at March 31, 1985 (1984 - $237,000).

5. STABILIZATION PAYMENTS

Stabilization payments have been made during the year under the following plans:

Plan	Crop Year	Claim Application Deadline
Corn Stabilization Plan, 1979-1981	1981	August 31, 1984
Soybean Stabilization Plan, 1979-1981	1981	August 31, 1984
Corn, Soybean and White Bean Stabilization Plans, 1982-1984	1982	August 31, 1985
Barley Stabilization Plan, 1982-1984	1982	July 31, 1985
Winter Wheat Stabilization Plan, 1982-1984	1983	June 30, 1986
Stabilization payments were also made with respect to the eighth production period under the Weaner Pig Stabilization Plan	1980-1985	

6. COMPARATIVE FIGURES

During the year the Commission changed its policy of classifying certain items in the Schedule of Government Subsidies. Items of a general nature which were previously recorded in the 1980-85 Ontario Weaner Pig Stabilization Plan have been reclassified to a new category "Transfers from expired plans and other credits". As a result of this change, comparative amounts in Schedule 2 have been reclassified where necessary to conform with the 1985 presentation.